

DRAFT
Minutes of the Joint Meeting of the Police and Town Pension Boards
Tuesday, July 17, 2012, Town Hall Room 206 Draft 1

In attendance for the Town Board: Kelly Galvin, Chair, Bruce Sargent, Angela Tozzoli, Jon Zagrodzky.

In attendance for the Police Board: Lt Ray Osborne, Chair, Linda Santarella, Paul Johnson, Bob Harrell, Jon Zagrodzky.

Other attendees: Karl Kilduff and Nancy Markey for the town, John Forelli and Bob Maurer from Robeco/Boston Partners.

The agenda and its attachments as well as the Robeco Investment Management Performance Review, dated July 17, 2012 and prepared by Robeco, are appended to these minutes. The meeting was called to order at approximately 4:04 pm.

Investment Manager. Bob Maurer began the investment review with an update on the firm. RaboBank wants to sell and exit the asset management business to focus on banking. They would like this to happen by year end but there is no buyer identified yet. No changes to the investment team or phil/process followed for our portfolio as a result of this. John Forelli then reviewed both the second quarter and Fiscal Year End results and attributions. He also shared the manager's general outlook. Robeco was asked to follow up with a response to why Facebook was purchased in the portfolio and then immediately sold and how it fits the valuation process for selecting stocks.

After the investment manager left, the board discussed the expected sale and agreed to keep a close eye on this and performance.

Minutes of April 17, 2012 Meeting. On a motion by Paul Johnson for the Police Board and Bruce Sargent for the Town Board, seconded by Jon Zagrodzky for both Boards, the draft minutes of the April 17 meeting were unanimously approved.

Election of Officers. On a motion by Bruce Sargent, seconded by Jon Zagrodzky and approved unanimously, Kelly Galvin was elected Chair for the Town Board for the 2012 fiscal year. On a motion by Paul Johnson, seconded by Linda Santarella and approved unanimously, Lt Ray Osborne was elected Chair for the Police Board for the 2012 fiscal year. John Zagrodzky was elected Clerk, unanimously approved by both boards on a motion by Bruce Sargent, which was seconded, for the Town and a motion by Bob Harrell, which was seconded, for the Police.

Approval of Disability Pension. On a motion by Bruce Sargent, seconded by Kelly Galvin and approved unanimously, the disability pension for Maria Iacono was approved with the committee setting the date of disability in November 2011.

Approval of Retirement Applications. On a motion by Bruce Sargent, seconded by Jon Zagrodzky and approved unanimously, the retirement applications as described in the attachments were approved.

Discussion of Fixed Income Investments. Kelly Galvin reviewed the performance of the current Fixed Income investments vs a universe of active fixed income managers. The 3 year number fell in the 75th percentile (note that returns for the Town and Police funds are net of fees and the universe returns are gross of fees which is part of the reason for the lower ranking). Kelly agreed to look more closely at what the active fixed income managers were investing in to determine whether the Boards should consider a change to the fixed income investments.

Actuarial Return Assumptions. Informally, Jon Zagrodzky got feedback from the board of finance that a 6.5% return assumption is reasonable vs the current assumption of 7.5%. The board members

discussed how we might start to move towards an assumption that is 1% lower than the current rate. 1/3 each year for 3 years was suggested. The boards discussed whether we should be looking at a move from DB to DC and discussed the 2% increase for each year worked past retirement age and how that has influenced whether workers stay in the market. If this was changed would it affect the retirement age? Boards agreed that the next step would be to pull our thoughts together before the next meeting and prepare a recommendation for the Finance Board that Jon Zagrodzky could present at the October Board of Finance Meeting. It was agreed it would include a look at the salary and compensation growth increases. Jon Zagrodzky will follow up by e-mail before Oct meetings.

At approximately 5:35 pm, the meeting was adjourned.